REPORT

of the

President and Directors

of the

Atlanta and West Point Rail Road Company

to the

Stockholders in Convention

for the

Year Ended December 31, 1965

9 652.0973 at 62 n



Board of Directors

J. Arch Avary, Atlanta, Georgia
Edward G. Cole, Jr., Newnan, Georgia
John W. Dent, Atlanta, Georgia
William H. Kendall, Louisville, Kentucky
Joseph L. Lanier, West Point, Georgia
J. Clyde Mixon, Atlanta, Georgia
Carl J. Reith, Atlanta, Georgia
W. Thomas Rice, Jacksonville, Florida
Donald D. Strench, Atlanta, Georgia
Emeritus Director
Samuel R. Young, College Park, Georgia

Executive Committee

WILLIAM H. KENDALL J. CLYDE MIXON W. THOMAS RICE

The Staff

J. CLYDE MIXON, President and General Manager
DONALD D. STRENCH, Executive Vice President and
Assistant General Manager
T. C. BULLARD, Secretary and Treasurer
EDENFIELD, HEYMAN AND SIZEMORE, General Counsel
JOHN E. MACCARTHY, General Auditor
E. J. HALEY, General Superintendent
MARSHALL L. BOWIE, Director of Personnel
J. B. WILSON, Chief Engineer
H. W. BRAY, Purchasing Agent
W. T. MARTIN, Chief Traffic Officer
A. P. McElroy, General Passenger Agent

GENERAL OFFICES: 4 Hunter Street, S. E., Atlanta, Ga., 30303

COMPARATIVE SUMMARY OF OPERATING AND CORPORATE RESULTS AND FINANCIAL POSITION

| SOURCE OF INCOME | 1965 | 1964 | Increase or | Decrease |
|--|---|---|--|--|
| | | | Amount | Percent |
| Income: Freight Passenger Mail, express and other operations Rent for equipment and joint facilities Dividends, interest, and miscellaneous income | \$ 2,901,129 176,887 410,133 —248,265 133,504 | \$ 2,755,143 208,329 450,748 -204,126 143,741 | \$ 145,986 -31,442 -40,615 -44,139 -10,237 | 5.3 -15.1 -9.0 -21.6 -7.1 |
| TOTAL | 3,373,388 | 3,353,835 | 19,553 | 0.6 |
| CHARGES AGAINST INCOME | | | | |
| Railway tax accruals | 207,354 | 202,985 | 4,369 | 2.2 |
| Operating expenses: Maintenance of way and structures Maintenance of equipment Traffic Transportation Miscellaneous operations General | 441,221 687,772 235,101 1,547,499 24,853 236,910 | 435,764 689,478 220,601 1,534,143 32,973 217,375 | $\begin{array}{c} 5,457 \\ -1,706 \\ 14,500 \\ 13,356 \\ -8,120 \\ 19,535 \end{array}$ | $egin{array}{c} 1.3 \\ -0.2 \\ 6.6 \\ 0.9 \\ -24.6 \\ 9.0 \end{array}$ |
| TOTAL | 3,173,356 | 3,130,334 | 43,022 | 1.4 |
| Other deductions from income: Interest on debt Taxes on nonoperating property Miscellaneous | 45,094 11,410 1,794 | 30 ,465 10 ,511 1 ,588 | 14,629 899 206 | 48.0 8.6 13.0 |
| TOTAL | 58,298 | 42,564 | 15,734 | 37.0 |
| TOTAL CHARGES AGAINST INCOME | 3,439,008 | 3,375,883 | 63,125 | 1.9 |
| NET LOSS | 65,620 | 22,048 | 43,572 | 197 .6 |
| Dividends to shareholdersAmount available for debt reduction, improvements, and other purposes | 98,544 —164,164 | 98,544 —120,592 | -43,572 | -36.1 |
| Net loss per share | 2.66 | .89 | 1.77 | 197.6 |
| Dividend payments per share | 4.00 | 4.00 | | |
| FINANCIAL POSITION | | | | |
| Total investments less recorded depreciation and amortization Current assets Deferred and unadjusted assets Capital stock Long term debt—Total Current liabilities Deferred and unadjusted liabilities Retained income | \$ 6,630,107 1,661,773 186,755 2,463,600 1,345,512 632,709 211,810 3,825,004 | \$ 5,999,587 1,710,305 224,564 2,463,600 724,291 556,238 201,159 3,989,168 | $\begin{array}{c} \$ & 630,520 \\ -48,532 \\ -37,809 \\ \hline & 621,221 \\ 76,471 \\ 10,651 \\ -164,164 \\ \end{array}$ | 10.5 —2.6 —16.8 85.8 13.7 5.6 |

⁻Decrease.

TO THE STOCKHOLDERS:

Freight revenue for 1965 reached a level that has been unmatched since 1956. Influenced by a growing national economy and expanding industrial development in our area, such revenue increased 5.3 percent over last year. The net deficit for 1965 is for the most part attributable to increased labor costs and higher equipment rents. Passenger revenue continued to be less than satisfactory, with allied revenue elements also showing declines. Notwithstanding these revenue reductions, we were successful in maintaining a total revenue increase of 2 percent.

Under constant surveillance are those items which contribute to higher expenses and less gross revenue. The lowering of the 1965 operating ratio is evidence that progress is being made.

This report contains a summary of operations in 1965 and statements of your company's financial condition at the end of the year.

EARNINGS

Railway operating income amounted to \$180,632.36, an increase of \$24,140.64 over last year. Increased labor costs and more particularly, the \$82,336.38 charged against income for equipment rents, resulted in a deficit in net income of \$65,620.21 for 1965.

Earnings are not affected by income tax considerations due in part to the carry-over provisions of the revenue code.

DIVIDENDS

An accumulation of earnings from operations in prior years, together with the sound financial condition maintained by your company, justified a continuance of dividends. Shareholders received a dividend of \$2.00 a share as of August 1, 1965, and \$2.00 a share as of December 6, 1965.

OPERATING REVENUES

Operating revenue showed an encouraging improvement of \$71,531.62 for the year. The substantial increase in freight revenue was partially offset by the decline in other revenue elements. Other phases of the individual revenue sources are reviewed further in this report. Although operating costs continue on an upward spiral, close supervision of expenditures resulted in a modest improvement in the operating ratio.

As the national economy expands, we anticipate a corresponding rise in freight revenue — a substantial increase, that will more than offset reductions in passenger and allied revenue.

FREIGHT

Freight revenue amounted to \$2,901,128.90 for 1965, an increase of 5.3 percent over last year. Car load traffic increased 2,512 cars. While the average cars handled by other principal southern carriers increased only 3.5 percent, Atlanta and West Point Rail Road showed a 7.3 percent improvement over 1964. Originating cars of pulpwood, manufactured iron and steel, cotton products, and superphosphate showed admirable increases, with cars of other iron and steel, scrap iron, and canned goods gaining moderately.

In this report, on pages 17, 18 and 19, your attention is called to our comparative statistics on commodities, tonnage, and revenue.

Piggyback operations continued to improve, indicating our past efforts in this field have been economically fruitful, as well as providing more specialized service to our customers.

Expanding industrial development along our route offers expectations for a more encouraging freight transportation market. To take advantage of this growing market, continued emphasis is placed on our policy of attentive, prompt, and convenient service to our patrons. We were rewarded last year for this policy, and as we continually promote and upgrade our sales techniques and solicitation efforts, we confidently expect our freight revenue to grow.

PASSENGER, ALLIED AND MISCELLANEOUS

Revenue from transportation of passengers during 1965 was \$176,887.05, a decrease of \$31,441.97, or 15.1 percent over last year. The principal portion of this large decline in business occurred during the latter part of the year, occasioned by the disruption of connecting passenger service with Louisville and Nashville Railroad, by reason of extensive storm damage along its Gulf coast line.

Associated elements of passenger revenue also showed decreases; mail \$22,631.30, 9.7 percent, and express \$4,934.24, 4.8 percent. These adverse revenue results are also attributable for the most part to the disruption of connecting passenger service.

During the year, your company participated with other railroads operating in Georgia to determine cost of intra-terminal switching movements. The results when presented to the Georgia Public Service Commission were sufficiently in the railroad industry's favor to afford a substantial rate increase. We expect to realize some benefits from this undertaking although our operations include only a small volume of this source of revenue.

OPERATING EXPENSES

Operating expenses for the year aggregated \$3,173,356.47 compared with \$3,130,334.25 last year, an increase of \$43,022.22 or 1.4 percent. Included in the 1965 expenses are \$148,284.32 of wage and contractual fringe benefits in excess of similar items applicable to the preceding year. The comparison of the increase of \$43,022.22 in total operating expenses, notwithstanding the additional wage and fringe benefit costs, is indicative of the close control and supervision given to elements of expense.

The equipment acquisitions during the year consisting of fifty-seven freight cars, seven of which are cushioned underframe box cars, are contributing greatly to our system ownership of equipment. Particular benefits will be seen in future maintenance of equipment expenses due to these purchases, although some offsetting affects caused by additional depreciation charges will be reflected in the accounts.

Such innovations as wider use of radio communications, the purchase of hi-rail car for roadmasters, the strengthening of our roadway mechanization program through use of Plassermatic tamping machine, replacing a Matisa tamper, have contributed much to the control of costs.

Substantial savings were realized during 1965 resulting from the discontinuance on December 1, 1964 of the Atlanta freight office and less than carload freight operations. Joint arrangements were made with the Louisville and Nashville Railroad Company for the handling of this business.

Considerable improvements were made to the General Office building during the year. This was accomplished at negligible expense in connection with the widening of Hunter Street, a City of Atlanta project which required several feet of our street frontage.

Further utilization of electronic data processing equipment continued. Systems were designed to place trainmen, enginemen, and yardmen payrolls on machines, and this operation began working early in 1966. Other plans are being made to employ machines for recapitulation of freight revenue documents.

The accompanying graph shows the relationship maintained over a period of ten years between revenues and expenses. Others show the degree to which it has been possible to increase efficiency in the face of increasing unit cost.

RAILWAY TAX ACCRUALS

Railway tax accruals increased \$4,368.76, or 2.2

percent over 1964. Sales taxes decreased due to an act of the 1965 Georgia State Legislature which exempted locomotive and car repair parts used in interstate commerce from taxation. Railroad Retirement taxes increased resulting from tax fluctuations. During the year a very costly amendment to the Railroad Retirement Act was enacted which, effective October 1, 1965, temporarily reduced the rate that the employee and railroad each pay on the first \$450.00 of monthly earnings from 8.125 percent to 7.125 percent, but effective January 1, 1966, the rate was increased to 7.95 percent on the first \$550.00 of monthly earnings. The annual increase in cost because of this rate change is estimated to be \$13,063.68. For each employee earning \$550.00 a month or more the railroad must pay \$524.70 a year toward his retirement and the employee must contribute an equal amount which is deducted monthly from his earnings.

An analysis of the changes during 1965 in tax accruals is on page 8 of this report.

EQUIPMENT RENTS

During 1965 we paid \$90,997.30 for hire of freight cars, an increase of \$23,041.69 over 1964. Increased usage of freight cars resulting from an increase in traffic, together with expensive rental rates for cars of other railroad ownership, and greater use of private line equipment which move at higher rates, accounts for this additional cost. Our car rehabilitation program which was initiated in 1963 continued through 1965. This program, which results in greater usage of our own equipment, and the fifty-seven freight cars purchased this year, should reduce this expense considerably in the future.

WAGE AND LABOR NEGOTIATIONS

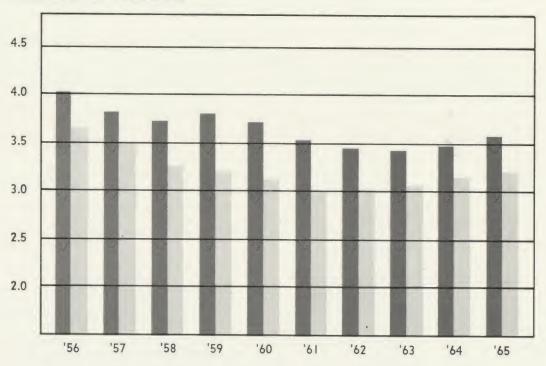
Wage agreements covering non-operating employees negotiated in 1964 provided for an additional 27 cents an hour, increasing hourly wages 9 cents effective January 1, 1964, 1965, and 1966. The additional holiday and longer vacations also awarded have added measurably to non-productive labor cost.

Unneeded firemen have been eliminated as provided by Award of Arbitration Board No. 282, which found that positions of certain firemen were not necessary for safe and efficient operations.

Presently pending are demands for an apprenticeship program for firemen, restoration of firemen on locomotives in road freight and yard service, and crew consist rules. The latter would require not less than a conductor and two trainmen in all road service, and not

RELATIONSHIP BETWEEN OPERATING REVENUES AND EXPENSES BY YEARS 1956 TO 1965



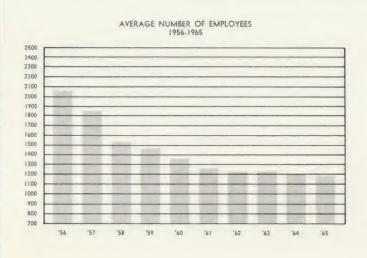


RAILWAY OPERATING REVENUES

RAILWAY OPERATING EXPENSES

Atlanta and West Point Rail Read Company The Western Railway of Alabama Georgia Railroad

CHARTS REPRESENT TOTALS OF JOINTLY OPERATED LINES





less than a foreman and two switchmen in all yard service.

Presently, wage and fringe benefits are fixed for operating employees until the middle of 1966 and for non-operating employees until January 1, 1967.

CAPITAL EXPENDITURES

From 1955 through 1965, inclusive, very substantial additions and betterments to road and equipment have occurred. Between these dates, \$3,181,132.00 has been disbursed for this purpose, principally for equipment.

Principal expenditures for 1965 amounted to \$776,496.00, covering mainly purchase of seven cushioned underframe box cars, and fifty standard box cars.

At the end of 1965 debt for equipment purchases amounted to \$1,345,512.31. A reduction of \$148,314.12 was made during the year.

INDUSTRIAL DEVELOPMENT

Continued emphasis in this important field produced gratifying results. During 1965 eight new industries located on your line, and five expanded their existing facilities, reflecting the accelerated economic and general business activity presently being enjoyed by the south, especially in the vicinity of Atlanta.

Mention was made in our 1964 report of the acquisition of additional land near Fairburn. Negotiations began in 1965, and completed early in 1966, will result in a multi-million dollar development on this property by Owens-Corning Fiberglas Corporation. Construction is expected to begin in several months. This firm decided to locate on our line after reviewing approximately sixty other plant sites. We are pleased to offer transportation service to this progressive industry, and we expect the freight revenue will be substantial.

Construction on St. Joe Paper Company at College Park is expected to reach completion during 1966. This concern manufactures paper containers, and it is anticipated that by our handling of both the incoming raw material, and the outgoing finished product, our freight revenue will be further augmented considerably.

Vigorous activity will be continued in the significant field of railroad marketing. The aerial photograph on

page 7 of our College Park Industrial Area illustrates our enthusiasm as to the potential in this field.

STAFF CHANGES

During the year the following staff members retired from active service: E. P. Barbre, Manager of Industrial Development; and R. C. Neville, Supervisor, Telephone, Telegraph and Signals.

It is with deep regret we report the death on October 2, 1965, of B. A. Culpepper, Comptroller, who served so faithfully and capably for 46 years. We also regret to report the death of William N. Banks on March 20, 1965. Mr. Banks, one of Georgia's outstanding capitalists and philanthropists, served as director of The Atlanta and West Point Rail Road Company from April 17, 1950, to November 6, 1962, when he retired account of ill health.

The appointment of John E. MacCarthy to assume the duties of General Auditor was made during the month of October 1965.

The executive staff of your railroad was further strengthened by the creation of the position of Executive Vice President-Assistant General Manager. We welcomed into our organization Donald D. Strench, who assumed this position as of June 1, 1965.

GENERAL

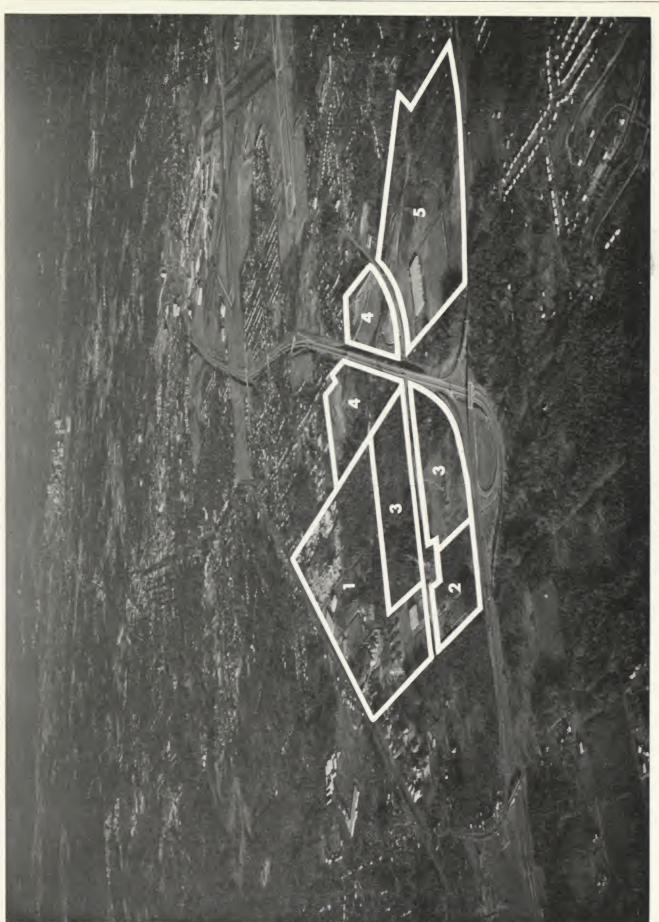
The Atlanta and West Point Rail Road Company occupies a strategic location in the State of Georgia — a vital transportation link to the west. Although we have reported that operations for 1965 were not as successful as we should like, we firmly and confidently believe that the future holds promise of progress, growth, and profits.

We are especially thankful for the dedicated and capable efforts of each individual officer and employee, whose interest in the progress and success of your railroad is unequaled.

We enter into 1966 with a purpose of operating at maximum efficiency and providing the best service possible for our customers. You may be sure that continued efforts along these lines are progressed daily and will result in a promising and profitable future.

Respectfully submitted,

Jenjamines



COLLEGE PARK INDUSTRIAL AREA

1. A&WP Industrial Park 2. St. Joe Paper Co. 3. Airport Perimeter Park 4. Southwest Industrial Park 5. South Perimeter Industrial Park. Note connection between I-25 and I-285 expressways, also Atlanta airport (right center) and downtown Atlanta skyline (upper center).

MILEAGE OPERATED

Miles of road operated at December 31, 1965:

MAIN LINE:

| Atlanta to West Point | | |
|--|-------|-------|
| Less—Leased to Atlanta Terminal Company | 85.62 | |
| Hulsey Junction to Oakland City. | 5.16 | 90.78 |
| TRACKAGE RIGHTS: | | |
| Atlanta Terminal Company, Atlanta | 0.46 | |
| Central of Georgia Railway, Oakland Junction | 0.05 | |
| Georgia Railroad (Atlanta Joint Terminals). | 2.02 | 2.53 |
| Total mileage operated | | 93.31 |

Total mileage operated in freight and passenger service was 90.44 and 86.08 miles, respectively.

TAXES

The following items were accrued: Increase Decrease Per Cent 1965 1964 Amount UNITED STATES GOVERNMENT TAXES: 89,727 84,183 \$ 5,544 6.59 Railroad Retirement.... -2.5541,067 42,140 -1,073Unemployment Insurance..... 1,026 884 142 16.06 Other.... 3.63 131,820 127,207 4,613 Total.... STATE AND LOCAL TAXES: 0.74 54,490 54,090 400 Property..... 18,883 -656-3.47Sales and use..... 18,227 2,817 2,805 12 0.43 Other.... -0.3275,534 75,778 -244Total.... 2.15 TOTAL.... 207,354 202,985 4,369 10,511 899 8.55 Taxes on nonoperating property..... 11,410 2.47 8 218,764 213,496 5,268 GRAND TOTAL....

[—]Decrease

HASKINS & SELLS

ACCOUNTANTS

ATLANTA

ACCOUNTANTS' OPINION

Atlanta and West Point Rail Road Company:

We have examined the balance sheet of Atlanta and West Point Rail Road Company as of December 31, 1965 and the related statements of income and of retained income for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Company maintains its accounts in conformity with the Uniform System of Accounts for Railroad Companies prescribed by the Interstate Commerce Commission and the accompanying financial statements have been prepared in accordance therewith. As explained in note 1, the provisions of such system vary in certain respects from generally accepted accounting principles.

In our opinion, with the exception referred to in the preceding paragraph, the accompanying financial statements present fairly the financial position of the Company at December 31, 1965 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Haspins + Sells

BALANCE SHEET ASSETS

| | Decen | nber 31 |
|--|-------------------------|-------------------------------|
| | 1965 | 1964 |
| CURRENT ASSETS: | e 200 000 05 | \$ 180,985.57 |
| Cash | \$ 206,962.85 | \$ 180,985.57 1,106,331.00 |
| Temporary cash investments | 977,805.00 76,640.55 | 71,600.89 |
| Net balance receivable from agents | 40,857.16 | 53 .801 .84 |
| Miscellaneous accounts receivable | 139,064.00 | 31,073.49 |
| Accrued accounts receivable | 198,900.17 | 250,478.27 |
| Prepayments and other current assets | 21,543.53 | 16,033.44 |
| riepayments and other current assets | 21,010.00 | 10,000.11 |
| Total | 1,661,773.26 | 1,710,304.50 |
| SPECIAL FUND: | | |
| Insurance | 2,402.90 | 2,089.95 |
| INVESTMENTS: | | |
| Investments in affiliated companies | 232,540.78 | 231,809.59 |
| PROPERTIES: | | |
| Transportation— | | |
| Road and equipment | 11,166,301.44 | 10,540,151.40 |
| Less accrued depreciation and amortization | 5,077,536.48 | 5,011,039.40 |
| Total transportation property, less recorded | | |
| depreciation and amortization. | 6,088,764.96 | 5,529,112.00 |
| Miscellaneous | 482,907.43 | 412,770.60 |
| Less accrued depreciation | 174,104.71 | 174,104.71 |
| Total miscellaneous property, less recorded depreciation | 308,802.72 | 238,665.89 |
| Total properties, less recorded | | |
| depreciation and amortization | 6,397,567.68 | 5 ,767 ,777 .89 |
| OTHER ASSETS AND DEFERRED CHARGES: | | |
| Other assets | 29,117.56 | 14,528.23 |
| Deferred charges | 155,233.95 | 207,946.32 |
| Total | 184 ,351 .51 | 222 ,474 .55 |
| TOTAL | \$ 8,478,636.13 | \$ 7,934,456.48 |

BALANCE SHEET LIABILITIES AND SHAREHOLDERS' EQUITY

| | Decer | nber 31 |
|--|---|---|
| | 1965 | 1964 |
| CURRENT LIABILITIES: Traffic and car-service balances—net. Audited accounts payable Miscellaneous accounts payable Unmatured interest accrued. Accrued accounts payable Taxes accrued. | \$ 145,413.27 125,332.27 176,217.96 1,536.89 182,942.42 1,266.57 | \$ 125,307.69 128,790.82 115,964.88 1,727.67 183,648.74 797.81 |
| Total (exclusive of long-term debt due within one year) | 632,709.38 | 556,237.61 |
| LONG-TERM DEBT DUE WITHIN ONE YEAR: Equipment obligations | 155,350.32 | 125,037.92 |
| LONG-TERM DEBT: Equipment obligations | 1,190,161.99 | 599,253.41 |
| RESERVE: Insurance | 124,803.43 | 127,181.72 |
| OTHER LIABILITIES AND DEFERRED CREDITS: Other liabilities Deferred credits | 3 ,585 .04 83 ,421 .90 | 3,002.48 70,975.06 |
| Total | 87,006.94 | 73,977.54 |
| SHAREHOLDERS' EQUITY: Capital stock—authorized, 25,000 shares of \$100 par value each; outstanding, 24,636 shares Retained income | 2,463,600.00 3,825,004.07 | 2,463,600.00 3,989,168.28 |
| Total | 6,288,604.07 | 6,452,768.28 |
| TOTAL | \$ 8,478,636.13 | \$ 7,934,456.48 |

See the accompanying Notes to Financial Statements.

STATEMENT OF INCOME

| OPERATING INCOME: | 1965 | 1964 | Increase or Decrease |
|--|---|---|--|
| Railway Operating Income: Railway operating revenues | \$ 3,561,342.57 3,173,356.47 | \$ 3,489,810.95 3,130,334.25 | \$ 71,531.62 43.022.22 |
| Net revenue from railway operations | 387,986.10 207,353.74 | 359 ,476 .70 202 .984 .98 | 28,509.40 4,368.76 |
| Railway tax accruals | | | |
| Railway operating income | 180,632.36 | 156,491.72 | 24,140.64 |
| Rent Income: Rent from locomotives Rent from passenger-train cars Rent from work equipment Joint facility rent income | 8,631.86 69,004.55 4,754.04 18,920.87 | 9,121,39 79,240,54 5,034,90 25,073,65 | $\begin{array}{r} -489.53 \\ -10,235.99 \\ -280.86 \\ -6,152.78 \end{array}$ |
| Total rent income | 101,311.32 | 118,470.48 | —17 ,159 .16 |
| Rent Payable: | | | |
| Hire of freight cars—net Rent for locomotives Rent for passenger-train cars Rent for work equipment Joint facility rents | 90,997.30 13,406.95 58,432.22 1,890.36 258,043.11 | 67,955.61 14,151.99 64,654.34 1,001.53 250,423.56 | 23,041.69 745.04 6,222.12 888.83 7,619.55 |
| Total rent payable | 422,769.94 | 398,187.03 | 24,582.91 |
| Net rent payable | 321,458.62 | 279 ,716 .55 | 41,742.07 |
| Net railway operating income | -140,826.26 | -123,224.83 | -17,601.43 |
| OTHER INCOME: | | | |
| Miscellaneous rents | 49,070.46 35,116.13 2,292.50 45,457.93 1,566.63 | 43,925.29 33,934.64 2,877.50 45,737.95 17,265.79 | 5,145.17 1,181.49 -585.00 -280.02 -15,699.16 |
| Total other income | 133,503.65 | 143 ,741 .17 | -10,237.52 |
| Total income | -7,322.61 | 20,516.34 | —27 ,838 .95 |
| MISCELLANEOUS DEDUCTIONS FROM INCOME: | | | |
| Rents Tax accruals Income charges | 864.09 11,410.22 452.80 | 1,206.80 10,511.47 380.74 | -342 .71 898 .75 72 .06 |
| Total miscellaneous deductions | 12,727.11 | 12,099.01 | 628.10 |
| Income available for fixed charges | -20,049.72 | 8,417.33 | -28,467.05 |
| FIXED CHARGES: | | | |
| Interest on funded debt Amortization of discount on funded debt | 45,094.15 476.34 | 30,464.97 | 14,629.18 476.34 |
| Total fixed charges | 45,570.49 | 30,464.97 | 15,105.52 |
| NET LOSS | \$ 65,620.21 | \$ 22,047.64 | \$ 43,572.57 |

[—]Decrease.

See Note 1 in the accompanying Notes to Financial Statements.

STATEMENT OF RETAINED INCOME

| CREDITS Retained income, January 1, 1965 | | | \$ 3,989,168.28 |
|--|-----------------|--------------|-----------------|
| DEBITS | | | |
| Net loss for the year | | \$ 65,620.21 | |
| Dividends to shareholders: | | | |
| \$2 a share paid August 1, 1965 | \$ 49,272.00 | | |
| \$2 a share paid December 6, 1965 | 49,272.00 | 98,544.00 | 164,164.21 |
| Retained income, December 31, 1965 | | | \$ 3,825,004.07 |

NOTES TO FINANCIAL STATEMENTS

- 1. The provisions of the Uniform System of Accounts for Railroad Companies prescribed by the Interstate Commerce Commission vary from generally accepted accounting principles in that, under the Uniform System, no accounting recognition is given to the possible effect on income taxes in future years of current reductions in income taxes resulting from the deductions for amortization and depreciation of property for income tax purposes in excess of the amounts recorded in the accounts. The cumulative amount of such reductions in income taxes included in retained income at December 31, 1965 was \$481,000. This property became fully amortized for income tax purposes in 1961. In 1965 there was no effect on income taxes because there was no taxable income for that year.
- 2. The Company, together with Southern Railway Company and Central of Georgia Railway Company, jointly and severally guarantees unconditionally the payment of principal and interest of the first mortgage series A, 4% bonds of Atlanta Terminal Company due August 1, 1969, of which \$368,000 were outstanding at December 31, 1965.

OPERATING EXPENSES

| ACCOUNT | 1965 | 1964 | Increase or Decrease |
|---|---------------|---------------|---|
| aintenance of Way and Structures: | | | |
| 201 Superintendence | \$ 32,689.09 | \$ 35,105.62 | \$ -2,416.53 |
| 202 Roadway maintenance | 37,741.12 | 38,508.35 | —767.23 |
| 208 Bridges, trestles and culverts | 1,390.76 | 796.77 | 593.99 |
| 212 Ties | 31,543.89 | 28,916.65 | 2,627.24 |
| 214 Rails | 4,561.16 | 4,856.20 | -295.04 |
| 216 Other track material | 2,694.24 | 5,343.22 | -2.648.98 |
| | 16,643.35 | 12,780.68 | 3,862.67 |
| 218 Ballast | | 52.545.79 | -14,599.5 |
| 220 Track laying and surfacing | 37,946.25 | | |
| 221 Fences, snowsheds, and signs | 836.77 | 208.03 | 628.74 |
| 227 Station and office buildings | 6,365.60 | 11,032.13 | -4,666.5 |
| 229 Roadway buildings | 1,753.65 | 16.27 | 1,737.38 |
| 233 Fuel stations | 1.69 | 1.02 | .6' |
| 235 Shops and enginehouses | -25.29 | | -25.29 |
| 247 Communication systems. | 10,658.82 | 10,034.84 | 623.98 |
| | 24,145.89 | 21,479.54 | 2,666.33 |
| 249 Signals and interlockers | 21,110.00 | 21,110.01 | ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,, |
| 266 Road property—Depreciation: | 1 005 70 | 1 000 70 | -3.00 |
| Engineering | 1,085.76 | 1,088.76 | |
| Grading | 408.60 | 405.72 | 2.88 |
| Tunnels and subways. | 395.04 | 395.04 | |
| Bridges, trestles and culverts | 11,113.41 | 11,078.40 | 35.03 |
| Rails | 39,121.32 | 38,440.56 | 680.76 |
| Other track material | 24,749.16 | 24,561.36 | 187.80 |
| Fences, snowsheds and signs | 519.36 | 519.36 | |
| | 5.877.20 | 6,807.25 | -930.03 |
| Station and office buildings | 134 .04 | 134.04 | 000.00 |
| Fuel stations | | | 18.56 |
| Communication systems | 1,405.66 | 1,387.10 | |
| Signals and interlockers | 4,474.44 | 4,473.67 | .77 |
| Roadway machines | 9,714.12 | 11,077.80 | -1,363.68 |
| Public improvements—Construction | 3,126.60 | 3,149.76 | -23.16 |
| 267 Retirements—Road | 2,768.88 | 5,968.67 | -3,199.79 |
| 269 Roadway machines | 15,086.66 | 14,758.80 | 327.86 |
| | 2,106.34 | 788.56 | 1.317.78 |
| 270 Dismantling retired road property | 8,133.83 | 8,045.58 | 88.28 |
| 271 Small tools and supplies | 88.71 | 199.13 | -110.42 |
| 272 Removing snow, ice and sand | | | 292.11 |
| 273 Public improvements—Maintenance | 6,507.60 | 6,215.49 | |
| 274 Injuries to persons | 1,733.46 | 1,371.30 | 362.10 |
| 275 Insurance | 424.23 | 753.69 | -329.40 |
| 276 Stationery and printing | 558.96 | 444.62 | 114.34 |
| 277 Employees health and welfare benefits | 8,236.35 | 8,847.27 | -610.93 |
| 278 Maintaining joint tracks, yards and other facilities—Debit | 93,137.54 | 69,326.54 | 23,811.00 |
| 279 Maintaining joint tracks, yards and other facilities—Credit | -8,680.44 | -6.084.75 | -2.595.69 |
| | 47.50 | -14.75 | 62.25 |
| 282 Other expenses | 41.00 | 14.10 | |
| Total | 441,221.32 | 435,764.08 | 5,457.24 |
| Taintenance of Equipment: | 00 000 10 | 00 000 10 | 0.000.00 |
| 301 Superintendence | 22,387.49 | 20,297.16 | 2,090.3 |
| 311 Other locomotives—Repairs | 150,564.89 | 170,533.63 | -19,968.7 |
| 314 Freight train cars—Repairs | 208,850.58 | 202,608.05 | 6,242.5 |
| 317 Passenger train cars—Repairs | 81,331.96 | 79,963.06 | 1,368.9 |
| 326 Work equipment—Repairs | 1,684.61 | 4,966.15 | -3,281.5 |
| 328 Miscellaneous equipment—Repairs | 2,845.93 | 2,263.48 | 582.4 |
| | 176,748.80 | 172,372.87 | 4.375.9 |
| 331 Equipment—Depreciation | 1,712.52 | | 25.8 |
| 332 Injuries to persons | | 1,686.67 | |
| 333 Insurance | 2,159.81 | 2,385.04 | -225.2 |
| 334 Stationery and printing | 623.39 | 1,165.86 | -542.4 |
| 335 Employees health and welfare benefits | 15,263.48 | 15,564.15 | -300.6 |
| 336 Joint maintenance of equipment expenses—Debit | 24,658.87 | 15,939.20 | 8,719.6 |
| 337 Joint maintenance of equipment expenses—Credit | -1,092.31 | -290.85 | -801.4 |
| 339 Other expenses | 32.12 | 23.51 | 8.6 |
| Total | \$ 687,772.14 | \$ 689,477.98 | \$ -1,705.8 |

[—]Decrease.

OPERATING EXPENSES

| ACCOUNT | 1965 | 1964 | Increase or Decrease |
|--|---------------------|---------------------|-------------------------|
| raffic: | | | |
| 351 Superintendence | \$ 57,989.87 | \$ 54,890.91 | \$ 3,098.9 |
| 352 Outside agencies | 140,604.04 | 129,542.40 | 11,061.6 |
| 353 Advertising | 2,411.36 | 1,829.92 | 581.4 |
| 354 Traffic associations | 3,566.32 | 3,585.10 | -18.78 |
| 356 Industrial and immigration bureaus | 9,836.37 | 10,311.62 | -475.2 |
| 357 Insurance | 69.10 | 69.71 | 6 |
| 358 Stationery and printing | 13,199.01 | 13,302.37 | -103.3 |
| 359 Employees health and welfare benefits | 7,425.01 | 7,068.51 | 356.50 |
| Total | 235,101.08 | 220,600.54 | 14,500.5 |
| ransportation—Rail Line: | | | |
| 371 Superintendence | 28,338.59 | 24,337.34 | 4,001.2 |
| 372 Dispatching trains | 15,534.76 | 15,072.97 | 461.7 |
| 373 Station employees | 166,755.31 | 157,664.75 | 9,090.5 |
| 374 Weighing, inspection and demurrage bureaus | 6,197.41 | 7,715.99 | -1,518.5 |
| 376 Station supplies and expenses | 7,768.32 | 7,507.57 | 260.7 |
| 378 Yard conductors and brakemen | 49,501.71 | 44,807.12 | 4.694.5 |
| 380 Yard enginemen | 30,596.11 | 28,182.81 | 2,413.3 |
| 382 Yard switching fuel | 4,394.41 | 3,246.92 | 1,147.4 |
| 387 Other supplies for yard locomotives | 175.46 | 252.69 | -77.2 |
| 388 Enginehouse expenses—Yard | 2.0.20 | 80.54 | -80.5 |
| 389 Yard supplies and expenses | | 6.86 | -6.8 |
| 390 Operating joint yards and terminals—Debit | 545,443.93 | 556,868,01 | -11.424.0 |
| 391 Operating joint yards and terminals—Credit. | -86,304.33 | —73,068.25 | -13,236.0 |
| 392 Train enginemen | 148,101.81 | 161,932.12 | -13,830.3 |
| 394 Train fuel | 136,811.06 | 134,826.07 | 1,984.9 |
| 397 Water for train locomotives | 1,169.57 | 1,086.01 | |
| 398 Lubricants for train locomotives | 11,861.66 | | 83.5 |
| 399 Other supplies for train locomotives | 2,197.91 | 12,245.87 | -384.2 |
| 400 Enginehouse expenses—Train | | 2,195.70 | 2.2 |
| 401 Trainmen | 50,892.41 | 49,884.79 | 1,007.6 |
| 402 Train supplies and expenses | 220,709.40 | 212,937.57 | 7,771.8 |
| 403 Operating sleeping cars | 64,784.14 | 53,767.54 | 11,016.6 |
| 404 Signal and interlocker operation | 36,615.89 | 32,939.72 | 3,676.1 |
| 405 Crossing protection | 11,551.89 | 9,591.91 | 1,959.9 |
| 405 Crossing protection | 366.95 | 772.73 | -405.7 |
| 407 Communication system operation | 5,127.68 | 5,081.42 | 46.2 |
| 409 Employees health and welfare benefits | 27,325.47 | 21,668.31 | 5,657.1 |
| 410 Stationery and printing. | 5,504.39 | 6,330.17 | -825.78 |
| 411 Other expenses | 290.76 | 931.02 | -640.20 |
| 412 Operating joint tracks and facilities—Debit | 16,971.90 | 14,654.75 | 2,317.1 |
| 413 Operating joint tracks and facilities—Credit | -9,117.42 | -8,033.11 | -1,084.3 |
| 414 Insurance | 7,080.62 | 7,925.64 | -845.0 |
| 415 Clearing wrecks | 2,185.03 | 285.88 | 1,899.1 |
| 416 Damage to property | 2,340.22 | 3,692.80 | -1,352.58 |
| 418 Loss and damage—Freight | 29,302.42 | 25,513.93 | 3,788.4 |
| 419 Loss and damage—Baggage | 18.61 | 30.74 | -12.13 |
| 420 Injuries to persons | 7,005.59 | 11,206.50 | -4,200.9 |
| Total. | 1,547,499.64 | 1,534,143.40 | 13,356.2 |
| Iiscellaneous Operations: | 04 300 04 | | |
| 441 Dining and buffet service | 24,183.24 669.32 | 32,064.38 908.56 | -7,881.14 -239.24 |
| Total | 24,852.56 | 32,972.94 | -8,120.38 |
| eneral: | | | |
| 451 Salaries and expenses of general officers | 39,353.64 | 35,040.96 | 4,312.6 |
| 452 Salaries and expenses of clerks and attendants | 124,535.97 | 112,511.07 | 12,024.9 |
| 453 General office supplies and expenses | 16,383.92 | 16,702.47 | -318.5 |
| 454 Law expenses | 12,437.53 | 11,406.61 | 1,030.9 |
| 455 Insurance | 97.25 | 107.71 | -10.4 |
| 456 Employees health and welfare benefits | 7.541.26 | 6,504.81 | 1,036.4 |
| 457 Pensions | 7,344.24 | 6,258.87 | 1,085.3 |
| 458 Stationery and printing | 8,873.78 | 8,721.03 | 152.7 |
| 460 Other expenses | 7,007.08 | 6,815.12 | 191.9 |
| 461 General joint facilities—Debit | 13,335.06 | 13,306.66 | 28.4 |
| Total | 236,909.73 | 217 ,375 .31 | 19,534.4 |
| Total railway operating expenses | \$ 3,173,356.47 | \$ 3,130,334.25 | \$ 43,022.2 |
| Ratio of operating expenses to operating revenues | 89.11 | 89.70 | 5 |

RAILWAY OPERATING REVENUES

| YEAR ENDED DECEMBER 31 | Freight | Passenger | Mail | Express | All Other Transpor- tation | Incidental | Joint Facility- Credit | Joint Facility- Debit | Total Railway Operating Revenues |
|---------------------------|--------------|------------|------------|-----------|----------------------------------|------------|------------------------------|-----------------------------|---|
| 1956 | 663 | ,751 | 169 | 818 | 892 | 717 | 763 | \$ 289.86 | \$4,072,008.38 |
| 1957 | 767 | ,992 | ,678 | 689 | ,444 | 359 | 428 | | 262 |
| 1958 | 845 | 866 | ,616. | 880 | ,546 | 120 | 352 | | 262 |
| 1959 | 895 | 069 | ,552 | 151 | ,607 | 827 | 168 | | 759 |
| 1960 | 647 | .142 | 783 | 453 | 308 | 203 | 209 | | 643 |
| 1961 | 426 | .665 | ,351 | 168 | ,397 | 232 | 011 | | 125 |
| 1962 | 943 | 875 | .136 | 390 | 637 | 753 | 620 | | 230 |
| 1963 | 2,656,269.83 | 235,885.30 | 239,467.12 | 94,161,19 | 26,395.94 | 74,966.61 | 73,854.06 | | 3,400,875.26 |
| 1964 | 142 | 3.329 | .790 | 015 | 187 | 754 | 723 | | 810 |
| 1965 | 128 | 887 | .159 | 081 | .872 | 019 | 338 | | 345 |

RAILWAY OPERATING EXPENSES AND NET REVENUE FROM RAILWAY OPERATIONS

| Ratio Operating Expenses to Operating Revenues | 88.00 91.40 89.51 84.87 84.44 88.42 88.42 88.42 88.70 89.70 |
|---|--|
| Net Revenue From Railway Operations | \$ 488,657,32 328,595,40 383,656.96 602,154.33 555,389,26 549,811.04 395,264.70 378,719.01 359,476.70 387,986.10 |
| Total Railway Operating Expenses | \$3,583,351.06 3,490,666.95 3,274,605.35 3,212,605.60 2,984,274,65 3,018,966.02 3,022,156.25 3,022,156.25 3,130,334.25 |
| General | \$ 213,973,36 216,271.22 217,418.78 228,566.47 216,393.15 219,939.14 218,376.84 217,375.31 236,909.73 |
| Miscel- laneous | \$ 56 796 .23 40,711 .20 37,237 .98 40,833 .95 41,173 .42 40,297 .59 41,972 .46 32,972 .94 24,852 .56 |
| Transpor- tation | \$1,767,205,16 1,779,147,73 1,751,067,41 1,608,153,81 1,559,452,04 1,519,164,02 1,505,374,71 1,474,871,32 1,534,143,40 1,547,499,64 |
| Traffic | \$ 205,817.79 209,546.83 203,234.04 215,700.16 218,400.72 226,446.56 231,871.30 216,847.71 220,600.54 235,101.08 |
| Mainte- nance of Equipment | \$ 784,112.47 727,017.46 620,883.96 625,446.24 594,053.50 574,269.28 571,609.85 659,895.45 689,477.98 689,477.98 |
| Mainte- nance of Way and Structures | \$ 555.446.05 517,372.51 444,763.18 504,720.90 475,714.42 406,882.22 449,873.43 410,192.47 455,764.08 |
| YEAR ENDED DECEMBER 31 | 1956 1957 1958 1960 1960 1961 1963 1963 |

CLASSIFICATION OF FREIGHT TRAFFIC

| | 1965 | | 1964 | | Increase |
|---|----------------|--------------------------|-------------------|--------------------------|------------------------|
| COMMODITY | No. of TONS | Pet. to TOTAL TONS | No. of TONS | Pct. to TOTAL TONS | or Decrease TONS |
| Farm Products | | | | | |
| Cotton | 156,308 | 5.34 | 159,535 | 6.00 | -3.227 |
| Potatoes | 4,330 | 0.15 | 5,668 | 0.00 | -1,338 |
| Others | 18,231 | 0.62 | 15,887 | 0.60 | 2,344 |
| - | 10,001 | 0.00 | 10,001 | 0.00 | 2,011 |
| Total | 178,869 | 6.11 | 181,090 | 6.81 | -2,221 |
| Forest Products | 5,035 | 0.17 | 4,532 | 0.17 | 503 |
| Fish and Other Marine Products | 245 | 0.01 | 295 | 0.01 | 50 |
| Metallic Ores | 197,901 | 6.76 | 180,797 | 6.80 | 17,10 |
| Coal | 19,635 | 0.67 | 21,684 | 0.82 | -2,049 |
| Crude Petroleum, Natural Gas and Natural Gasoline | , | | 94 | 0.00 | -9 |
| Gravel | 59,838 | 2.04 | 66,994 | 2.52 | -7,156 |
| Sand | 266,034 | 9.09 | 250,923 | 9.44 | 15.111 |
| Stone | 153,863 | 5.26 | 156,920 | 5.90 | -3.057 |
| Others | 62,826 | 2.15 | 52,496 | 1.97 | 10,330 |
| | | - | | | |
| Total | 542,561 | 18.54 | 527,333 | 19.83 | 15,228 |
| Ordnance and Accessories Foods and Kindred Products | 766 | 0.03 | 806 | 0.03 | -40 |
| Canned Fruits and Vegetables | 9.032 | 0.31 | 0.524 | 0.26 | -502 |
| Cottonseed and Soybean Oil | 44,089 | 1.51 | 9,534 | 0.36 | 5,22 |
| Flour | 30,203 | 1.03 | 24.578 | 0.93 | 5,62 |
| Prepared Foods | 14,948 | 0.51 | 11,388 | 0.33 | 3,56 |
| Sugar | 51.011 | 1.74 | 52,506 | 1.97 | -1.49 |
| Others | 100,891 | 3.45 | 98,642 | 3.71 | 2,249 |
| Total | 250,174 | 8.55 | 235,515 | 8.86 | 14,659 |
| m-t Parada da | 0.000 | 0.10 | 0.030 | | |
| Tobacco Products | 3,809 | 0.13 | 3,213 | 0.12 | 596 |
| Basic Textiles Apparel and Other Finished Textile Products, Including Knitted | 29,060 | 0.99 | 25,933 | 0.98 | 3,127 |
| Lumber and Wood Products, Except Furniture | 1,588 | 0.05 | 833 | 0.03 | 75 |
| Lumber | 83,391 | 2.85 | 80,902 | 3.04 | 2,48 |
| Pulpwood Logs | 70,972 | 2.43 | 51,469 | 1.93 | 19,50 |
| Veneer and Plywood | 51,020 | 1.74 | 45,671 | 1.72 | 5,34 |
| Others | 30,790 | 1.06 | 21,712 | 0.82 | 9,07 |
| Total | 236,173 | 8.08 | 199,754 | 7.51 | 36,419 |
| Furniture and Fixtures | 8,727 | 0.30 | 7,928 | 0.30 | 799 |
| Pulp, Paper and Allied Products Paper, Bags and Boxes | 62,670 | 2.14 | 62 224 | 2.38 | 66- |
| Paperboard, Pulpboard, etc. | 170,278 | 5.82 | 63,334 142,118 | 5.34 | 28,16 |
| Others | 40,894 | 1.40 | 25,710 | 0.97 | 15,18 |
| Total | 273,842 | 9.36 | 231.162 | 8.69 | 42,680 |
| Printed Matter | 1,139 | 0.04 | 397 | 0.01 | 74 |
| Chemicals and Allied Products | 1,139 | 0.04 | 391 | 0.01 | (4) |
| Alcohols | 72,091 | 2.46 | 66,232 | 2.49 | 5,85 |
| Chemicals | 223,004 | 7.62 | 140,392 | 5.28 | 82,61 |
| Fertilizers. | 42,722 | 1.46 | 27,001 | 1.02 | 15,72 |
| Others | 98,844 | 3.38 | 188,622 | 7.09 | -89,77 |
| Total | 436,661 | 14.92 | 422,247 | 15.88 | 14,41 |
| Petroleum and Coal Products | | | | | |
| Gasoline. | 493 | 0.02 | 5,399 | 0.20 | -4,90 |
| Liquefied Petroleum Gases | 50,480 | 1.72 | 65,888 | 2.48 | -15,40 |
| Lubricating Oil and Greases | 20,805 | 0.71 | 15,337 | 0.58 | 5,46 |
| Others | 99,464 | 3.40 | 59,757 | 2.24 | 39,70 |
| Total | 171,242 | 5.85 | 146,381 | 5.50 | 24,86 |

CLASSIFICATION OF FREIGHT TRAFFIC

| | 1965 | | 1964 | | Increase |
|---|----------------|--------------------------|-----------------|--------------------------|------------------------|
| COMMODITY | No. of TONS | Pct. to TOTAL TONS | No. of TONS | Pct. to TOTAL TONS | or Decrease TONS |
| Rubber and Miscellaneous Plastic Products Leather and Leather Products Stone, Clay and Glass Products | | 0.22 | 6,703 357 | 0.25 0.01 | -214 -357 |
| Abrasives, Asbestos, etc. | 69,111 | 2.36 | 40,955 | 1.54 | 28,156 |
| Brick | | 3.19 | 41,587 | 1.56 | 51,764 |
| Cement | 107,388 | 3.67 | 103,969 | 3.91 | 3,419 |
| Others | | 1.32 | 42,526 | 1.60 | -4,124 |
| Total | 308,252 | 10.54 | 229,037 | 8.61 | 79,215 |
| Primary Metal Products | 103,870 | 3.55 | 82,180 | 3.09 | 21,690 |
| Fabricated Metal Products, Except Ordnance | 24 061 | 1 10 | 20 240 | 1.22 | 2,621 |
| Machinery and Transportation | 0 000 | 0.30 | 32,340 | 0.39 | -1.688 |
| Machinery, Except Electrical | 8,696 7,908 | 0.30 | 10,384 8,614 | 0.39 | —1,000 —706 |
| Electrical Machinery, Equipment and Supplies | 10,908 | 0.27 | | 0.32 | —728 —728 |
| Transportation Equipment Instruments, Photographic and Optical Goods, | 10,282 | 66.0 | 11,010 | 0.41 | |
| Watches and Clocks | 55 | 0.00 | | | 55 |
| Miscellaneous Products of Manufacturing Waste and Scrap Materials | 1,821 | 0.06 | 2,518 | 0.09 | -697 |
| Iron and Steel Scrap | | 0.58 | 19,047 | 0.72 | -2,009 |
| Textile Waste, Scrap and Sweepings | | 1.47 | 34,461 | 1.30 | 8,370 |
| Others | 19,302 | 0.66 | 19,612 | 0.73 | -310 |
| Total | 79,171 | 2.71 | 73,120 | 2.75 | 6,051 |
| Miscellaneous Freight Shipments | 1.885 | 0.07 | 4.992 | 0.19 | -3.107 |
| Containers, Shipping, Returned Empty | | 0.02 | 885 | 0.03 | -30 |
| Freight Forwarder Traffic | 70 | 0.00 | 142 | 0.01 | -72 |
| Shipper Association or Similar Traffic | | 0.03 | 965 | 0.04 | 2 |
| Miscellaneous Mixed Shipments, Except Forwarder and Shipper Association | 1,265 | 0.04 | 2,742 | 0.10 | -1,477 |
| Grand Total Carload Traffic | 2,923,722 | 99.91 | 2,655,983 | 99.86 | 267,739 |
| Small Packaged Freight Shipments | | 0.09 | 3,617 | 0.14 | -959 |
| Grand Total Carload and LCL Traffic | 2,926,380 | 100.00 | 2,659,600 | 100.00 | 266,780 |

⁻Decrease

FREIGHT AND PASSENGER STATISTICS

| FREIGHT TRAFFIC | 1965 | 1964 | Increase or Decrease | | |
|---|---|--------------------------------|--|---|--|
| | | | Amount | Percent | |
| 1 Number of tons carried. 2 Number of tons carried one mile. 3 Number of tons per mile of road (Average). 4 Number of tons carried one mile per mile of road. 5 Number of tons in each train (Average). 6 Number of tons in each loaded car (Average). 7 Average distance one ton carried (Miles). 8 Revenue per ton per mile. 9 Revenue per mile of road. 10 Revenue per freight train mile. 11 Revenue per freight car mile—Loads. 12 Revenue per ton. | 32,357 2,311,397 1,098.90 30.51 71.44 \$ 0.01388 32,077.94 20.59 0.57161 0.36517 | 30,463.76 19.07 0.56191 | 1,614.18 1.52 0.00970 | 10.03 9.60 10.03 9.60 11.15 4.70 -0.39 -3.88 5.30 7.97 1.73 2.17 | |
| PASSENGER TRAFFIC | | | | | |
| 1 Number of passengers carried 2 Number of passengers carried one mile 3 Number of passengers per mile of road (Average) 4 Number of pass. carried one mile per mile of road. 5 Number of passengers in each train (Average) 6 Number of passengers in each car (Average) 7 Average distance each passenger (Miles) 8 †Passenger service train revenue per mile of road 9 †Passenger service train revenue per pass. train mile 10 †Passenger service train revenue per pass. car mile 11 *Revenue per passenger per mile 12 *Revenue per passenger | 5,709,953 795 66,333 50 14 83.45 \$ 5,645.25 4.12 0.47398 0.03098 | | $ \begin{array}{r} -11,685 \\ -1,001,004 \\ -136 \\ -11,629 \\ -5 \end{array} $ $ \begin{array}{r} -0.32 \\ -695.12 \\ -0.24 \\ 0.00091 \\ -0.00006 \\ -0.01 $ | -14.59 -14.92 -14.61 -14.92 -9.09 -0.38 -10.96 -5.50 0.19 -0.38 | |
| ALL TRAFFIC | | | | | |
| Railway operating revenues per mile of road | \$ 38,166.78 13.76 | \$ 37,400.18 12.94 | \$ 766.60 0.82 | 2.05 6.34 | |
| Railway operating expenses per mile of road Railway operating expenses per revenue train mile Per cent of railway operating expenses to oper. revenue | \$ 34,008.75 12.27 89.11 | \$ 33,547.68 11.61 89.70 | \$ 461.07 0.66 -0.59 | 1.37 5.68 -0.66 | |
| Net revenue per mile of road Net revenue per revenue train mile Per cent of net revenue to total revenue | \$ 4,158.03 1.49 10.89 | \$ 3,852.50 1.33 10.30 | \$ 305.53 0.16 0.59 | 7.93 12.03 5.73 | |
| Railway operating expenses and taxes per mile of road Railway operating expenses and taxes per rev. train mile Per cent of operating expenses and taxes to total revenues | 13.07 | \$ 35,723.07 12.36 95.52 | \$ 507.88 0.71 -0.59 | $ \begin{array}{r} 1.42 \\ 5.74 \\ -0.62 \end{array} $ | |

^{*} Revenue excludes mail, express, excess baggage, and other passenger-train. ‡ Revenue includes mail, express, excess baggage, and other passenger-train. —Decrease.

TRAIN, LOCOMOTIVE AND CAR MILES

| | CLASS | | 1964 | Increase or Decrease |
|--------------------------|--|---|---|---|
| | TRAIN MILES | | | |
| 801 802 | FreightPassenger | 140,908 117,819 | 144,499 125,172 | -3,591 -7,353 |
| | Total Revenue Service Train Miles | 258,727 | 269,671 | -10,944 |
| 805 | Non-Revenue Service Train Miles | 368 | 792 | -424 |
| | TOTAL TRAIN MILES. | 259,095 | 270,463 | —11,368 |
| 811 812 815 816 | LOCOMOTIVE MILES Freight—Principal Freight—Trailing Units Passenger—Principal Passenger—Trailing Units Passenger—Light Switching—Train Switching—Train Switching—Freight | 140,908 229,890 117,819 134,493 8,835 68,710 26,730 | 144,499 219,555 125,172 138,765 9,261 66,453 26,100 | $\begin{array}{c} -3,591 \\ 10,335 \\ -7,353 \\ -4,272 \\ -426 \\ 2,257 \\ 630 \end{array}$ |
| | Total Revenue Locomotive Miles | 727,385 | 729,805 | -2,420 |
| 817 | Non-Revenue Locomotive Miles | 368 | 792 | -424 |
| | TOTAL LOCOMOTIVE MILES | 727,753 | 730,597 | -2,844 |
| 821 | FREIGHT CAR MILES Freight Loaded | 5,075,333 | 4,903,194 | 172,139 |
| | Freight Empty System Caboose | 2,740,662 128,580 | 2,670,119 134,787 | 70,543 $-6,207$ |
| | Total Freight Car Miles | 7 ,944 ,575 | 7,708,100 | 236,475 |
| | PASSENGER CAR MILES | | | |
| 822 | Passenger Coaches Sleeping and Parlor Cars Club, Lounge, Dining and Observation Business Mail, Express and Baggage Combination Passenger and Baggage Passenger Car Miles in Freight Trains | 234,356 185,961 56,345 1,623 546,688 257 | 262,402 231,193 64,295 2,309 592,091 256 1,155 | -28,046 $-45,232$ $-7,950$ -686 $-45,403$ 1 $-1,155$ |
| | Total Passenger Car Miles | 1,025,230 | 1,153,701 | -128,471 |
| | Total Revenue Car Miles | 8,939,805 | 8,861,801 | 108,004 |
| 825 | Non-Revenue Service Car Miles | 279 | 5,915 | —5,636 |
| | TOTAL CAR MILES | 8,970,084 | 8,867,716 | 102,368 |

⁻Decrease

PROPERTIES-ROAD, EQUIPMENT AND GENERAL

| | | Total | | Road | H | Equipment | General cenditures | | Other |
|---|-------------------------------|--|-------------|---------------------|----|----------------------|-----------------------------------|-----------------------|----------------------|
| Balance, January 1, 1965 | \$ | 10,540,151 904,522 | \$ | 6,903,471 94,916 | \$ | 4,950,986 786,883 | \$ 322,583 | \$ | -1,636,889 22,723 |
| Total Retirements | | 11 ,444 ,673 278 ,372 | | 6,998,387 19,535 | | 5,737,869 247,983 | 322,583 182 | | -1,614,166 10,672 |
| Balance, December 31, 1965 | \$ | 11,166,301 | \$ | 6,978,852 | \$ | 5,489,886 | \$ 322,401 | \$ | -1,624,838 |
| Grading for extension of industrial lead track. South Perimeter Industrial Parl Industry track, Merry Brothers Brick and T. Remodel express building for station, West I Switching track, South Perimeter Industria One-fourth interest in Plassermatic tamping | k, C ile (Poir l Pa | ollege Park, Co., College F it, Ga. rk. College F | Ga. Park | , Ga. | | | 23,69 6,31 6,21 5,72 | 2 0 2 2 6 | |
| Seven 70-ton cushioned underframe box care Fifty 70-ton D. F. box cars | | | | | | | | | |
| | | | | | | | | | |

INVESTMENT IN ROAD, EQUIPMENT AND GENERAL FOR YEAR ENDED DECEMBER 31, 1965

| ROAD | Additions | Retirements | Net Total | |
|--|--------------|--------------|-------------|--|
| 1 Engineering | | \$ 91.53 | \$ -91.53 | |
| 2 Land for transportation purposes | \$ 6,920.97 | 5.96 | 6.915.01 | |
| Grading | 8.414.00 | 0.00 | 8,414.00 | |
| 6 Bridges, trestles and culverts | 1,448,47 | | 1.448.47 | |
| 8 Ties | 13,807.45 | 2.352.71 | 11 .454 .74 | |
| 9 Rails | 10,694,67 | 1,347.37 | 9,347.30 | |
| 0 Other track material | 8,202,25 | 1,165.05 | 7,037.20 | |
| 1 Ballast | 9.337.20 | 60.26 | 9,276.94 | |
| 2 Track laying and surfacing | 8.926.05 | 506.62 | 8,419.43 | |
| 6 Station and office buildings | 6.211.72 | 177.48 | 6,034.24 | |
| 7 Roadway buildings | 266.00 | | 266.00 | |
| 8 Water stations | | 150.89 | -150.89 | |
| 6 Communication systems | 1.253.66 | | 1.253.66 | |
| 7 Signals and interlockers | 960.15 | 1.011.34 | -51.19 | |
| 7 Roadway machines | 17.615.20 | 12,611.76 | 5,003,44 | |
| 9 Public improvements—Construction | 858.56 | 54.25 | 804.31 | |
| Total expenditures for road | 94,916.35 | 19,535.22 | 75,381.13 | |
| EQUIPMENT | | | | |
| 2 Other locomotives | 844.50 | 104 .045 .90 | -103,201.40 | |
| 3 Freight-train cars | 780,456.20 | 57,832.02 | 722,624.18 | |
| 4 Passenger-train cars | 100,100.00 | 83,102,77 | -83,102,77 | |
| 7 Work equipment | | 3,002.17 | -3.002.17 | |
| 8 Miscellaneous equipment. | 5,582.13 | 0,000.21 | 5,582.13 | |
| Total expenditures for equipment | 786,882.83 | 247,982.86 | 538,899.97 | |
| GENERAL AND OTHER | | | | |
| Adjustments to recorded valuation | | 10.672.73 | -10.672.73 | |
| Work in progress | 22.723.31 | 20,010110 | 22,723.3 | |
| Miscellaneous | | 181 .64 | —181 .64 | |
| Total expenditures for general and other | 22,723.31 | 10,854.37 | 11,868.94 | |
| TOTAL | \$904,522.18 | \$278,371.72 | \$626,150.0 | |

EQUIPMENT OWNED December 31, 1961 to 1965

| | 1965 | 1964 | 1963 | 1962 | 1961 |
|--|-----------------------------------|----------------------------------|----------------------------------|-----------------------------|----------------------------------|
| Diesel Locomotive Units Average Age (Years) | 10 14 .90 | 11 13.81 | 11 12.81 | 11 11.81 | 11 10.81 |
| Freight Train Cars: Box | 385 222 24 73 45 6 | 343 22 24 75 45 6 | 344 22 52 75 45 6 | 362 24 53 82 45 | 362 24 53 86 45 8 |
| Total Freight Equipment | 555 | 515 | 544 | 573 | 578 |
| Tonnage Capacity of Freight Equipment | 28,970 | 25,986 | 27,860 | 28,660 | 28,860 |
| Average Age (Years) | 17.14 | 18.62 | 18.07 | 19.36 | 18.49 |
| Passenger Train Cars: Coaches Sleeping Dining Combination Mail and Baggage. Baggage, Express and other Non-Passenger Carrying Cars | | 6 4 1 1 7 | 6 4 1 1 7 | 6 4 1 1 7 | 6 4 1 2 |
| Total Passenger Train Equipment | 11 | 19 | 19 | 19 | 20 |
| Investment in Above Equipment: (December 31) | \$ 5,389,813 100,073 | \$ 4,853,493 97,493 | \$ 4,943,208 100,304 | \$ 4,771,785 100,094 | \$ 4,789,557 84,801 |
| Total Investment in Equipment | \$ 5,489,886 | \$ 4,950,986 | \$ 5,043,512 | \$ 4,871,879 | \$ 4,874,358 |

EQUIPMENT OBLIGATIONS, DECEMBER 31, 1965

| Description and Date | Amount | Unpaid Dec. 31, 1965 | Installments Payable | Interest Rate Percent | Final Payment Due or Paid | Matured or Paid During Year 1965 | |
|------------------------------|-----------------|-------------------------|-------------------------|-----------------------------|---------------------------------|--|--|
| Conditional Sale Agreements: | | | | | | | |
| December 16, 1950 | \$ 513,000.00 | \$ 4,198.00 | Monthly | 2.85 | Mar. 1, 1966 | | |
| April 1, 1952 | 413,100.00 | 48,246.00 | Monthly | 3.00 | Oct. 19, 1967 | 26,316.00 | |
| October 1, 1952 | 151,800.00 | 20,240.00 | Quarterly | 3.25 | Nov. 1, 1967 | 10,120.00 | |
| February 15, 1956 | 220,823.79 | 79,063.05 | Monthly | 3.35 | July 1, 1971 | 14,921.28 | |
| February 15, 1956 | 242,601.15 | 84,906.36 | Monthly | 3.35 | Apr. 1, 1971 | 16,172.64 | |
| October 10, 1960 | 248,400.00 | 165,600.00 | Quarterly | 4.50 | Jan. 1, 1976 | 16,550.00 | |
| April 16, 1963 | 236,400.00 | 197,000.00 | Quarterly | 4.20 | May 1, 1978 | 15,760.00 | |
| February 9, 1935 | 114,011.10 | 108,943.90 | Monthly | 4.50 | May 1, 1980 | 5,067.20 | |
| May 19, 1965 | 655,524.00 | 637,315.00 | Monthly | 4.75 | Aug. 1, 1980 | 18,209.00 | |
| Total | \$ 2,795,660.04 | \$ 1,345,512.31 | | | | \$ 148,314.12 | |

